

Message Text

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C O N F I D E N T I A L PANAMA 1696

EO 11652: GDS

TAGS: PFOR, PN

SUBJ: CANAL TREATY NEGOTIATIONS--LOCAL ATMOSPHERICS

SUMMARY: THERE IS A GROWING SENSATION IN PANAMA THAT THE CANAL TREATY NEGOTIATIONS ARE REACHING A FINAL JUNCTURE. PREDICTIONS, HOWEVER RELUCTANTLY GIVEN, OF WHEN A NEW AGREEMENT WILL BE CONCLUDED, ALTHOUGH PROGRESSIVELY ADVANCING SLIGHTLY THE TARGET DATE, HAVE LEFT THIS IMPRESSION. SO TOO HAVE STATEMENTS BY U.S. OFFICIALS, BOTH POSITIVE AND NEGATIVE FROM PANAMA'S PERSPECTIVE, WHICH HAVE BEEN READ AS INDICATIONS THAT THE INTERNAL U.S. POLITICAL BATTLE LINES ARE BEING MORE CLEARLY DRAWN AS A DRAFT TREATY MOVES INTO SIGHT. ALSO, A NUMBER OF GROUPS, TWO SIGNIFICANTLY IN THE U.S., HAVE TAKEN POSITIONS ON THE NEGOTIATION FAVORABLE TO PANAMA. AND, WHILE IT HAS NOT COMPROMISED THE CONFIDENTIALITY OF THE TALKS, THE GOP HAS ACCELERATED THE PROCESS OF SELLING, CONCEPTUALLY, THE OUTLINES OF AN EMERGING AGREEMENT.

END SUMMARY

1. A SERIES OF RECENT DEVELOPMENTS AND STATEMENTS CONCERNING THE CANAL TREATY NEGOTIATIONS--AND THE GOP'S REACTION TO THEM-- HAVE TENDED TO STRENGTHEN A GROWING IMPRESSION THAT MATTERS HAVE REACHED A DECISIVE PHASE. PUBLIC STATEMENTS BY GENERAL TORR-IJOS AND FOREIGN MINISTER TACK, AS WELL AS AMBASSADOR BUNKER AND OTHER U.S. OFFICIALS, THAT PROGRESS IS BEING MADE AND A DRAFT

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AGREEMENT POSSIBLE BY THE END OF THE SPRING HAVE HAD A CLEAR

IMPACT. WHILE TEMPERED BY ACCOMPANYING COMMENTS THAT TIMING IS NOT CRUCIAL, THAT NOTHING HAS BEEN FINALIZED, AND THAT DIFFICULT QUESTIONS REMAIN TO BE RESOLVED, THE SENSATION THAT AGREEMENT MAY BE NEAR HAS PREDOMINATED.

2. IN THE U.S. PUBLIC ARENA, BOTH POSITIVE AND NEGATIVE INITIATIVES TENDED TO BE VIEWED BY THE MEDIA AS SIGNALS OF APPROACHING AGREEMENT. ASSISTANT SECRETARY ROGER'S TESTIMONY TO CONGRESS WAS HAILED AS AN HONEST AND PERCEPTIVE ASSESSMENT, UNDERSTANDING OF PANAMA'S ASPIRATIONS, AND INTERPRETED EDITORIALY AS EVIDENCE THAT THE USG WAS PREPARING TO MEET CONGRESSIONAL OPPOSITION HEAD-ON. THE 37 SENATORS' RESOLUTION, AND THE EARLIER QUOTE TAKEN FROM JCS CHAIRMMAN, GENERAL BROWN'S REPORT THAT GOP'S RE-ESTABLISHMENT OF RELATIONS WITH CUBA INCREASED THE SECURITY THREAT TO THE CANAL, WERE IN TURN SEEN AS, RESPECTIVELY, A HARD-LINERS' EFFORT TO BLOCK AN ACCORD AN CONFIRMATION THAT THE U.S. MILITARY WAS UNENTHUSIASTIC WITH THE PROSPECT OF A NEW TREATY. THE REACTION TO SECRETARY KISSINGER'S HOUSTON SPEECH, WHILE AMBIVALENT IN THAT THE SPEECH'S STRESS ON U.S. INTERESTS IN THE OPERATION AND DEFENSE OF THE CANAL RAISED QUESTIONS THE GOP WAS NOT PREPARED TO ANSWER, RECOGNIZED THE STATEMENT AS REFLECTING PANAMA'S DEMAND FOR SOVEREIGNTY IN THE CANAL ZONE AND PARTICIPATION IN THE CANAL ENTERPRISE.

3. BECAUSE OF THEIR CONTENT, TIMING AND ORIGIN, THE U.S. EPISCOPAL CONFERENCE OF CATHOLIC BISHOPS AND THE DEMOCRATIC NATIONAL WOMEN'S CLUB RECENT POSITION PAPERS ON THE CANAL ISSUE WERE RECEIVED WITH PARTICULAR ACCLAIM. AS THE FIRST MAJOR NON-USG EXPRESSIONS OF VIEWS CONSISTENT WITH PANAMANIAN ASPIRATIONS, THE CATHOLIC HIERARCHY AND DEMOCRATIC PARTY WOMEN WERE REGARDED BY THE MEDIA AS HAVING ADDED MORAL AND POLITICAL WEIGHT, IN THE U.S., TO THE LEGITIMACY OF PANAMA'S POSITION. THE U.S. CATHOLIC BISHOPS'S STAEMENT APPARENTLY PROMPTED THE LOCAL PROTESTANT, JEWISH AND BUDDHIST COMMUNITIES, ALL OF WHICH IN VARIOUS WASYS RESPONDED WITH THEIR OWN EXPRESSIONS OF SUPPORT. THE DEMOCRATIC WOMEN'S CLUB POSITION PAPER, ASIDE FROM THE FACT THAT IT ORIGINATED WITH AN ELEMENT OF THE LARGEST U.S. POLITICAL PARTY, WAS GREETED FOR ITS FRANK, AND FROM PANAMA'S VIEWPOINT ACCURATE, HISTORICAL PERSPECTIVE AND ANALYSIS OF U.S. INTERESTS IN THE CANAL.

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4. ALTHOUGH FAITHFULLY OBSERVING THE CONFIDENTIALITY OF THE NEGOTIATIONS, THE GOP HAS INCREASINGLY BEEN PREPARING PANAMANIAN FOR WHAT IS, TO "PURE" NATIONALIST OPINION, A COMPROMISE SOLUTION. IN SPEECHES, STATEMENTS AND INTERVIEWS, FOREIGN MINISTER TACK, TORRIJOS AND DR. CARLOS LOPEZ GUEVARA HAVE GRADUALLY BEEN SKETCHING OUT A TREATY THAT WOULD BE A "LIBERATING" DOCUMENT IN TERMS OF SOVEREIGNTY, JURISDICTION AND PARTICIPATION BUT A

COMPROMISE WITH REALITY IN TERMS OF CONTINUED U.S. OPERATION AND DEFENSE OF THE WATERWAY. TORRIJOS HAS CONSISTENTLY RECOGNIZED THE DANGERS OF THE PREMATURE DISCLOSURE OF AND DEBATE ON SPECIFIC TREATY PROVISIONS. HOWEVER, WHEN THEY HAVE SURFACED THE GOP HAS ATTEMPTED TO MAKE THEM WORK FOR RATHER THAN AGAINST ITS INTERESTS. BY EMPHASIZING "VICTORIES" AND TOUCHING ON COMPROMISES, TORRIJOS HAS TRIED TO CONTAIN SUSPICIONS THAT NEGOTIATING PROGRESS HAS COME THROUGH PANAMA'S COMPROMISE ALONE AND TO DEFLATE EXPECTATIONS THAT A NEW TREATY WOULD REPRESENT IMMEDIATE OR TOTAL SATISFACTION OF PANAMANIAN ASPIRATIONS.

5. WHILE PUBLIC SUSPICIONS AND EXPECTATIONS HAVE BEEN A SERIOUS CONCERN FOR TORRIJOS, HE IS ALSO PRONE TO HIS OWN PERIODIC FEARS, PARTICULARLY WITH RESPECT TO U.S. INTENTIONS AND THE PRIORITY THE PANAMA PROBLEM IS ACCORDED BY USG DECISION MAKERS. TORRIJOS' NEED FOR SOME VISIBLE PROGRESS FROM MORE THAN A YEAR'S NEGOTIATIONS, FOR HIS OWN REASSURANCE AS WELL AS PUBLIC EVIDENCE, MADE THE MARCH 14 OLD FRANCE FIELD AGREEMENT EXTREMELY IMPORTANT. THE AGREEMENT, WHICH HAS HELPED SUSTAIN THE POSITIVE PUBLIC CLIMATE FOR THE TALKS, ALSO STRENGTHENED TORRIJOS' CONFIDENCE IN THE U.S. (AND PRESERVED THE INFLUENCE OF THOSE ADVISERS WORKING ON THE AGREEMENT WHOSE CREDIBILITY WITH TORRIJOS WAS, IN THEIR VIEW, AT STAKE). FEARS THAT, WITHOUT THE BENEFIT OF INTERNATIONAL SUPPORT AND PRESSURE A SOLUTION TO THE PANAMA PROBLEM WOULD LOSE ITS URGENCY FOR THE USG ALSO ACCOUNTS FOR PANAMA'S CONTINUED CAMPAIGN FOR INTERNATIONAL BACKING. THE GOP HAS SOUGHT--WITH CONSIDERABLE SUCCESS--TO ENSURE THAT THE CANAL ISSUE IS GIVEN HIGH PRIORITY IN INTERNATIONAL FORA. THE MARCH 22-24 COLOMBIAN, VENEZUELAN, COSTA RICAN AND PANAMANIAN CHIEFS OF GOVERNMENT MEETING IN PANAMA HAS BEEN CHARACTERIZED BY THE MEDIA AS ANOTHER HIGHLY VISIBLE OCCASION FOR BOOSTING PANAMA'S NEGOTIATING POSITION. SIMILARLY, THE GOP'S EFFORTS TO SECURE A SEAT ON THE UN SECURITY COUNCIL--IN WHICH

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IT IS APPARENTLY PERSISTING DESPITE ARGENTINA'S REFUSAL TO STEP ASIDE--IS AN ADMITTED ATTEMPT TO KEEP THE CANAL QUESTION BEFORE WORLD OPINION AND THE PRESSURE ON THE U.S.

6. COMMENT: THE ATMOSPHERE FOR THE TREATY NEGOTIATIONS REMAINS POSITIVE AND, THANKS TO THE OLD FRANCE FIELD AGREEMENT AND THE SKILLFUL MANNER IN WHICH TORRIJOS HAS HANDLED EMERGING TREATY SPECIFICS, THE FAVORABLE CLIMATE HAS SURVIVED THE STRAINS OF GROWING EXPECTATIONS AND FEARS. FOR THE CRITICAL NEGOTIATING PHASE STILL AHEAD, TORRIJOS APPEARS TO HAVE PRESERVED HIS BASIC CONFIDENCE AND NEGOTIATING FLEXIBILITY.

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